

VZCZCXRO9725
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #5130/01 3110116
ZNR UUUUU ZZH
P 070116Z NOV 07
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 9302
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 6651
RUEHFK/AMCONSUL FUKUOKA 4244
RUEHOK/AMCONSUL OSAKA KOBE 7911
RUEHNAG/AMCONSUL NAGOYA 3066
RUEHKSO/AMCONSUL SAPPORO 4922
RUEHBJ/AMEMBASSY BEIJING 9979
RUEHUL/AMEMBASSY SEOUL 6037
RUCNDT/USMISSION USUN NEW YORK 6826

UNCLAS SECTION 01 OF 13 TOKYO 005130

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/07/07

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Ozawa caper:

- 4) Ozawa agrees to withdraw resignation as head of Democratic Party of Japan (DPJ), with priority given to avoiding a split in the party (Asahi)
- 5) Kyodo poll finds 56 PERCENT of public negative about LDP-DPJ grand coalition, 58 PERCENT critical of Ozawa's resignation as DPJ head (Tokyo Shimbun)
- 6) Junior DPJ members felt shocked, "betrayed" by Ozawa's caper (Yomiuri)
- 7) Only 14 Upper House DPJ members would have bolted the party if Ozawa did not return to head it (Yomiuri)
- 8) Fierce reaction to the Ozawa caper from other opposition parties (Mainichi)
- 9) Government and ruling parties now expect DPJ to more receptive to "dialogue" following Ozawa's withdrawal of his party-head resignation (Yomiuri)

Diet affairs:

- 10) Current Diet session likely to be extended 28 days, with a final decision today (Sankei)
- 11) Stronger mood in the ruling camp, including the New Komeito, for re-voting on the new antiterrorism bill in Lower House after it is rejected by the Upper House (Nikkei)

- 12) Timetable for adopting the new antiterrorism bill is still unclear (Yomiuri)
- 13) DPJ prepares draft bill to counter the ruling camp's new antiterrorism bill (Yomiuri) 10
- 14) Gist of DPJ's special measures bill (Yomiuri) 10
- 15) Disaster relief bill expected to pass the Diet this week - the first of the session (Asahi) 11
- 16) Cooperation between LDP, DPJ allowed the disaster relief bill to pass Diet (Asahi) 12

Defense and security issues:

- 17) Defense Ministry announces results of investigation into MSDF refueling operations: No diversion of fuel to Iraq war in all 794 cases (Tokyo Shimbun)
- 18) Yamada Yoko Corp. owner may have concealed 15 billion yen in company money in 2004 (Tokyo Shimbun)
- 19) China constraining activists from approaching Senkaku Islands out of consideration to Japan (Asahi)

1)
TOP HEADLINES

Asahi, Mainichi, Yomiuri, Nikkei, Sankei, Tokyo Shimbun & Akahata
DPJ President Ozawa retracts resignation offer in response to executives' efforts to have him to stay on

2) EDITORIALS

Asahi:

- (1) Democratic Party of Japan President Ozawa's about-face shameful
- (2) Government should return Japan Green Resources Agency's projects to starting point

TOKYO 00005130 002 OF 013

Mainichi:

- (1) No other way but for DPJ to make frontal attack
- (2) We expect Americans to make wise choice in presidential election

Yomiuri:

- (1) DPJ counterproposal on antiterrorism questionable as refueling mission-alternative plan
- (2) Impossible to settle difficult situation in Pakistan with vigorous action

Nikkei:

- (1) It's not easy to restore confidence in Ozawa-led DPJ
- (2) Only disabling nuclear facilities in North Korea insufficient

Sankei:

- (1) Will situation change only with Ozawa's remaining in office?
- (2) US-China hotline: US should also take measures to build confidence with Taiwan

Tokyo Shimbun:

- (1) Ozawa should give full explanation and make efforts to rebuild DPJ
- (2) Strengthen mechanism to prevent repeat offensives

Akahata:

- (1) Government should totally cancel plan to Increase burden of medical expenses on elderly

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, Nov. 6

NIKKEI (Page 2) (Full)
November 7, 2007

08:11

Attended a meeting of the Headquarters for Promotion of the Cultivation of Youth. Afterwards, attended a cabinet meeting.

09:07

Met with Vice Minister of Land, Infrastructure & Transport Minehisa at Kantei.

09:40

Arrived at Kantei residence.

10:11

Attended a ceremony for the Emperor to confer a grand cordon on recipients held at Imperial Palace.

12:00

After stopping over in Kantei residence, met with Deputy Chief Cabinet Secretary Futahashi at Kantei.

12:53

Attended a ceremony of announcing medal recipients at Imperial Palace.

14:46

After stopping over in Kantei residence, met with Minister in Charge

TOKYO 00005130 003 OF 013

of Science and Technology Kishida at Kantei.

15:50

Met with Kim Su Han, chair of the ROK-Japan Central Friendship Association and others, joined by Michio Ochi, chair of the Japan-ROK Central Friendship Association.

16:39

Met with former Keidanren Chairman Shoichiro Toyoda. Afterwards, met with Japan-Vietnam Friendship Parliamentary League Chairman Takebe, joined by Ambassador of Friendship to Vietnam Ryotaro Sugi.

17:45

Met with Tokyo Stock Exchange Regulation President Masakazu Hayashi.

18:31

Dined with leaders of the Seven Press Companies' Association, including Yomiuri Shimbun Group Head Office Chairman Tsuneo Watanabe, at a restaurant at First Square in Otemachi.

20:56

Arrived at his private residence in Nozawa.

4) DPJ President Ozawa retracts resignation offer in response to executives' efforts to avoid party breakup

ASAHI (Top Play) (Full)
November 7, 2007

Democratic Party of Japan (DPJ) President Ozawa told Secretary General Yukio Hatoyama and other party leaders last night that he would retract his resignation offer, saying: "I would like to give it another go." He will attend a joint meeting of both Houses today to explain how things came to this pass and then formally announce in a press conference his intention to stay on. Party leaders gave priority to avoiding a breakup of the party by containing some members' dissatisfaction at Ozawa's provocative words and deeds, including his meetings with Prime Minister Fukuda.

Ozawa, in a sense, won the confidence of the party again. But some members harbor a sense of distrust in Ozawa for his attempt to form a grand coalition with the Liberal Democratic Party during his meetings with Fukuda, and it seems difficult to mitigate the dissatisfaction. The immediate focus of attention is on how Ozawa will explain to the people and to what extent he will be able to regain lost ground in the party, with an eye on the next general election.

Hatoyama, Deputy President Naoto Kan, and House of Councillors Chairman Azuma Koshiishi met Ozawa at Ozawa's private office in Tokyo yesterday. Earlier in the day party lawmakers had held meetings in groups organized in accordance with the number of times

elected and had approved the executives' stance of urging Ozawa to retract his resignation. The executives informed Ozawa of the consensus formed there and asked him to remain in his post. Hatoyama quoted Ozawa as saying: "I feel sorry for causing trouble, but I appreciate you. Although I feel I have made an exhibition of myself, I would like to give it another go at any cost in response to your intentions." Both sides did not place any conditions for Ozawa to withdraw his resignation, and Hatoyama returned the letter of resignation submitted by Ozawa to him in the meeting, according to

TOKYO 00005130 004 OF 013

Hatoyama.

After he met Ozawa, Hatoyama told reporters: "Reflecting on the mess, we will have to solidify our party, as the proverb goes, 'After a storm comes the calm.'"

In the meetings in groups classified by the number of times elected, Hatoyama and other executive members explained the circumstances. One participant asserted: "If Mr. Ozawa retracts his resignation, he should give a thorough explanation to the people," and another insisted: "We should accept the president's criticism of our party, but it was undesirable for him to have publicly criticized the party. He should make an apology." But in the end, all groups gave their approval to the party executive's stance.

Meanwhile, Ozawa summoned other party heavyweights - former Prime Minister Tsutomu Hata, former Vice Lower House Speaker Kozo Watanabe, and party Deputy President Hajime Ishii - at a Tokyo hotel to hear the results of the lawmakers' meetings. The three also persuaded Ozawa to remain in his post.

Ozawa's decision to stay on has put an end to the fiasco for now, but there is deep-seated distrust in Ozawa's attempt to form a coalition government. Many members in the main opposition parties are in favor of the party taking a confrontational stance toward the ruling camp, as a junior Upper House member said: "I expected Mr. Ozawa would play the leading role of confronting the ruling camp." How Ozawa will respond to such views will be worth noticing.

Ozawa held a press conference on Nov. 4 and expressed his intention to resign as party head, saying: "There was turmoil in the party over the prime minister's proposal for forming a coalition. To take the responsibility, I decided to step down from the party presidency and submitted my resignation to entrust the fate of my career to a decision of the party." Hatoyama and other executives acted to build a consensus in the party in order to convince Ozawa to change his mind.

5) Poll: 56 PERCENT negative about grand coalition

TOKYO (Page 1) (Full)
November 7, 2007

The initiative to go for a "grand coalition" of the ruling Liberal Democratic Party and the leading opposition Democratic Party of Japan (Minshuto) came up in a recent one-on-one meeting of Prime Minister Yasuo Fukuda, who is LDP president, and DPJ President Ichiro Ozawa. Following up this move, Kyodo News conducted a telephone-based spot nationwide public opinion survey on Nov. 5-6. In the survey, respondents were asked if they thought the grand coalition initiative was desirable. In response to this question, 56.4 PERCENT answered "no," with 25.8 PERCENT saying "yes."

The DPJ rejected the initiative. Respondents were also asked if they thought it was good. To this question, 55.9 PERCENT answered "yes," with 23.5 PERCENT saying "no."

The Fukuda cabinet's support rate was 47.0 PERCENT, down 3.2 percentage points from the last survey conducted Oct. 27-28. The nonsupport rate was 36.6 PERCENT, up 7.0 points.

Ozawa recently offered to resign as DPJ president. Asked whether it

TOKYO 00005130 005 OF 013

was appropriate, 58.4 PERCENT answered "no," with only 30.5 PERCENT saying "yes."

Asked about the desirable form of government, 40.7 PERCENT picked the current form of LDP-led coalition government, with 35.5 PERCENT opting for the form of DPJ-led coalition government. The proportion of pro-LDP answers was 5.2 points higher than that of pro-DPJ answers.

Meanwhile, Japan has now called off the Maritime Self-Defense Force's refueling activities in the Indian Ocean. In this regard, respondents were asked if they thought the MSDF's refueling activities should be resumed there. To this question, 46.1 PERCENT answered "yes" while 43.9 PERCENT answered "no."

Respondents were further asked when they thought the next election for the House of Representatives should be held. In response, 45.5 PERCENT answered that the election should take place "some time in the first half of next year." Among other answers, "some time during the latter half of next year" accounted for 20.6 PERCENT, "the year after next" at 12.1 PERCENT, and "within the year" at 11.0 PERCENT.

In the breakdown of public support for political parties, the LDP stood at 38.2 PERCENT, up 2.7 points from the last survey. The DPJ was at 27.5 PERCENT, down 3.6 points. The drop can be taken as reflecting the turmoil in the party over the coalition initiative. New Komeito, currently in office as the LDP's coalition partner, was at 3.6 PERCENT, up 0.5 points from the last survey. The Japanese Communist Party was at 3.3 PERCENT, up 0.9 points. The Social Democratic Party (Shaminto) was at 1.9 PERCENT, down 0.1 points. The People's New Party (Kokumin Shinto) was at 0.4 PERCENT, down 0.4 points. The New Party Nippon (Shinto Nippon) was at 0.1 PERCENT, down 0.3 points. "None" accounted for 23.5 PERCENT, down 0.4 points.

6) Junior DPJ lawmaker: It is not that easy to forget that we were deceived

YOMIURI (Page 3) (Full)
November 7, 2007

Now that Ozawa has withdrawn his resignation as president of the Democratic Party of Japan (DPJ or Minshuto), the turmoil in the largest opposition party will calm down. But the wounds in the party that were caused by Ozawa will not heal that fast.

Ozawa, in the press conference on Nov. 4 in which he announced his intention to resign as DPJ president, stated: "The DPJ still lacks strength. The public has doubts whether the DPJ is capable of taking power. So it would be difficult for the party to win the next lower House election." DPJ lawmakers have strongly reacted against this comment. This is the biggest reason for many lawmakers criticizing Ozawa in meetings of party members, who were grouped in accordance with the number of times they have been elected to the Diet.

"I cannot erase the shock that I was deceived by Mr. Ozawa, whom I trusted," said one young lawmaker. Many members share this feeling. Therefore, Ozawa's hold over the party will inevitably decline.

The DPJ's strategy for the next Lower House election has likely been derailed.

TOKYO 00005130 006 OF 013

It will take a lot of time for junior and mid-level lawmakers to dispel distrust in and suspicions about Ozawa.

One of the party leaders, said, "I still am concerned that he may bring up a coalition concept or political realignment." There is also a view that there would be another move before the end of the year. Another senior party member told the press last night: "The damage is big. We have to think of the damage in positive terms. The same thing happened when we suffered from the e-mail fiasco." Restoring confidence in Ozawa will be a rocky road.

7) Ozawa aide: Only 14 DPJ Upper House lawmakers would side with Ozawa

YOMIURI (Page 3) (Excerpts)
November 7, 2007

Ichiro Ozawa, president of the main opposition Democratic Party of Japan (DPJ or Minshuto) has great influence over junior party lawmakers as he fulfilled leadership in the campaigning for the July House of Councillors election, in which the DPJ won a landslide victory. Because of this reason, a senior party member said:

"If the party accepted Mr. Ozawa's offer to resign as party head, he would leave the party along with more than 17 Upper House members; and as a result, the ruling coalition would regain a majority in the Upper House."

A person close to Ozawa said last night: "Last night I counted the number of Upper House members, who would side with Ozawa. Only 14 members were sure to follow him." The view is now spreading in the capital district of Nagatacho that this is the main reason that forced Ozawa to decide to withdraw his offer to quit as party head.

8) JCP, SDP criticize Ozawa's decision to withdraw his resignation as irrational; Negative impact on united front expected

MAINICHI (Page 5) (Excerpts)
November 7, 2007

Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa decided yesterday to withdraw his resignation as party head. This has elicited criticism from opposition parties as being irrational. At the same time, the ruling parties expressed hope that this would help advance policy talks.

Japanese Communist Party Chairman Kazuo Shii released this comment: "Driving talks on a coalition forward is a betrayal of the popular will. Is the DPJ going to allow (Mr. Ozawa) to stay on as its president by ignoring this critical problem? I would like to watch how Mr. Ozawa and the DPJ are going to explain this." Social Democratic Party head Mizuho Fukushima indicated that she would carefully monitor the opposition bloc united front, saying: "I'm afraid that a coalition in a different form might move forward and that (the DPJ) might also push ahead with discussions on a permanent law governing the overseas dispatch of the SDF with the LDP. The situation has become far more critical than before for the Constitution and peace."

9) Ozawa retracts his intention to resign as DPJ president; government, ruling parties expect dialogue with DPJ

TOKYO 00005130 007 OF 013

YOMIURI (Page 2) (Excerpts)
November 2, 2007

Now that the major opposition Democratic Party of Japan's (DPJ) President Ichiro Ozawa has withdrawn his intention to resign as party chief, the government and the ruling coalition intend to continue their efforts to call on the DPJ to work together to create a framework for the ruling and opposition blocs to have consultations. But the government and the ruling bloc are yet wary of a future move by Ozawa toward them.

The ruling Liberal Democratic Party's (LDP) Diet Affairs Committee Chairman Tadamoro Oshima late yesterday told reporters in Tokyo: "It is my understanding that (Mr. Ozawa's) line of holding talks with (the ruling bloc) about matters that need to be discussed might be shared widely in his party."

Minister of Economy, Trade & Industry Akira Amari, as well, noted, "In terms of preventing a political stalemate, I welcome the fact that the turmoil in the DPJ has been settled in a short period of time," adding, "I expect the DPJ to assume responsibilities for promoting policy talks with the ruling bloc."

Expectations are growing in the ruling bloc that a dialogue-based management of the Diet can be maintained. The junior coalition partner New Komeito's Secretary General Kazuo Kitagawa noted: "Mr. Ozawa is well aware of the need for the ruling and opposition parties to hold talks for the realization of policies."

10) Government, ruling coalition to make final decision today on Diet extension for 28 days

SANKEI (Page 2) (Full)
November 7, 2007

The government and ruling parties yesterday began final coordination on a plan to extend the current session of the Diet for 28 days until Dec. 8. The secretaries general and Diet Affairs Committee chairmen of the ruling Liberal Democratic Party (LDP) and New Komeito will determine the plan in their meeting this morning. In order to enact a new antiterrorism measures bill to resume the Maritime Self-Defense Force's refueling activities in the Indian Ocean during the ongoing session, the government and ruling coalition are determined that it is necessary to secure sufficient time for deliberations on the bill. They intend, however, to watch what action the main opposition Democratic Party of Japan (DPJ) will take after Ichiro Ozawa decided to remain as party president. There still remains an uncertainty, therefore, about the passage of the legislation.

The ruling camp plans to get the legislation through the House of Representatives within the week. They also intend to take a vote on a bill extending the current session in a Lower House plenary session on Nov. 9. The DPJ, in a meeting yesterday of the directors of the Lower House Special Committee on Antiterrorism, however, sought a delay of the vote in the committee to the 12th or later.

The ruling bloc expects about 30 hours for deliberations in the House of Councillors after the bill passes the Lower House. So they have assumed that two to three weeks will be needed until voting. If the bill is voted down in the Upper House, the ruling coalition will

TOKYO 00005130 008 OF 013

immediately take a vote again in the Lower House to get the bill passed with a two-thirds majority of the lawmakers.

Prime Minister Yasuo Fukuda ordered LDP Secretary General Bunmei Ibuki to extend the Diet session and continue discussion with the DPJ. The dominant view in the ruling camp is that the DPJ will step up its hard-line stance since Ozawa has decided to stay on in the presidency. In consideration of Prime Minister Fukuda's planned overseas trip in mid-November, the government and ruling camp plan to substantially extend the current session.

11) Government, ruling bloc leaning toward Lower House re-adoption of new refueling legislation; New Komeito to approve the option

NIKKEI (Page 1) (Full)
November 7, 2007

The view is gaining ground in the government and ruling parties that in the event the bill designed to resume the refueling operation in the Indian Ocean was rejected in the opposition-controlled House of Councillors, the legislation should be adopted by a second vote in the House of Representatives. There is a judgment that given the turmoil in the major opposition Democratic Party of Japan (DPJ or Minshuto) due to its President Ichiro Ozawa's announcement to step down, it would be difficult to submit a censure motion against the prime minister even if the legislation was readopted (in the Lower House). The New Komeito is also expected to give a nod to taking a second vote by reversing its cautious stance.

Liberal Democratic Party Upper House Caucus Chairman Hidehisa Otsuji said to reporters in Tokyo last night: "The bill would be sent to the Upper House, knowing that it would be rejected there, (the ruling) bloc plans to readopt it in the Lower House where it holds a two-thirds majority." A New Komeito executive, too, took this view: "If Prime Minister Yasuo Fukuda decides on re-adoption, it would be

difficult for the party to oppose it in the end."

Buds of discussions on a permanent law allowing the government to dispatch the SDF overseas as necessary -- the option emerged during the party head talks -- have been left intact due to Ozawa's decision to stay on. There is concern in the New Komeito that if gaps in views with the prime minister on foreign and security affairs grow wide, the grand coalition vision might flare up again.

12) No agreement reached between ruling, opposition parties on taking a vote on new antiterrorism legislation

YOMIURI (Page 2) (Full)
November 7, 2007

At a session yesterday of the Lower House Special Committee on Prevention of Terrorism, which is discussing a new antiterrorism special measures bill, the ruling and opposition parties failed to reach agreement on the question of whether to take a vote on the new antiterrorism legislation.

The special committee intermittently held a board of directors meeting yesterday in and after a question-and-answer session and agreed to hold three hours of intensive deliberations this afternoon with Prime Minister Fukuda's attendance there.

While the ruling bloc again insisted that after intensive

TOKYO 00005130 009 OF 013

deliberations, a final question-and-answer session be held, and that a vote on the new bill be taken, the opposition bloc asserted that it was too early to take a vote on the bill because more time would be necessary for thorough discussion of the bill. Both sides in the end failed to reach agreement.

The ruling parties intend to get the bill passed in the Lower House during the current session of the Diet. They want to take a vote on the bill tomorrow, Nov. 8.

The major opposition Democratic Party of Japan (DPJ) is calling on the ruling bloc behind the scenes to delay taking a vote on the bill until next week on the premise of extending the term of the current Diet session. Even in government and the ruling parties, some are pointing out the need for a flexible response.

Meanwhile, a board of directors' meeting yesterday of the Upper House Committee on Foreign Affairs and Defense discussed the matter that a decision on summoning former Vice Defense Minister Takemasa Moriya to a Diet committee had been made without the attendance of the ruling parties.

The ruling bloc insisted that the decision was invalid, indicating that it would abstain from a committee meeting to which Moriya was to be summoned. The ruling bloc instead suggested summoning him as a witness after the new antiterrorism bill went into deliberations in the Upper House on the premise that the Diet session would be extended, but the opposition bloc refused the ruling bloc's proposal. Both sides failed to find common ground as the committee's Chairman Toshimi Kitazawa (of the DPJ) indicated his intention to summon Moriya as a witness as planned.

13) DPJ's antiterror bill the outcome of intra-party consideration

YOMIURI (Page 4) (Abridged)
November 7, 2007

The leading opposition Democratic Party of Japan (Minshuto) yesterday released an outline of its counterproposal to the government's new antiterror legislative measure. The DPJ's counterproposal of its own bill is tentatively titled "Bill for Special Measures to Implement Humanitarian and Reconstruction Assistance Activities in Afghanistan and Eradicate International Terrorism." DPJ President Ozawa is positive about sending the Self-Defense Forces on overseas missions based on United Nations resolutions. However, DPJ members stemming from the now-defunct Japan Socialist Party are cautious about it. The DPJ's draft bill

showed consideration for their respective standpoints.

The DPJ's draft bill, in its portion of principles, features importing Ozawa's theory almost as is. It incorporates Japan's participation in collective security measures based on United Nations resolutions and provided in Chapter 7 of the Charter of the United Nations as a "basic principle." In addition, it cites "international standards" for the use of weapons. According to the government's current constitutional interpretation, SDF personnel are not allowed to use weapons overseas. However, the DPJ's bill allows them to use weapons in order to carry out their duties.

14) Main points from DPJ's draft bill

YOMIURI (Page 4) (Full)

TOKYO 00005130 010 OF 013

November 7, 2007

The following is a gist of the "Bill Concerning Special Measures to Implement Humanitarian and Reconstruction Assistance Activities in Afghanistan and Eradicate International Terrorism," drafted by the leading opposition Democratic Party of Japan (Minshuto).

¶1. (Omitted (by the Yomiuri Shimbun))

¶2. The bill is to expressly stipulate basic principles for Japan to invoke its right to self-defense under the Constitution of Japan and participate in collective security measures under Chapter 7 of the United Nations Charter. Japan is to play a leading role to establish a United Nations Emergency Peace Service (UNEPS).

¶3. (Omitted (ditto))

¶4. Japan is to make efforts to disarm illegal armed groups, demobilize them, help with their rehabilitation, reform police organizations, and reform the nation's armed forces.

¶5. Japan is to send experts, including personnel from the Self-Defense Forces, as civilians to assist these reforms.

¶6. The SDF is not to send any combat troops and is only to send its members for humanitarian and reconstruction assistance, infrastructure construction, etc. The SDF is not to participate in the International Security Assistance Force (ISAF) and is also not to participate in rear support activities.

¶7. Japan is only to conduct civilian activities, such as taking part in a provincial reconstruction team (PRT), after a ceasefire agreement or otherwise in areas where Afghan civilians will sustain no damage.

¶8. Japan is to work in four priority areas: 1) ensuring food production through farmland restoration, irrigation, etc.; 2) providing medical support to the Afghan people; 3) transporting relief supplies for disaster-stricken people; and 4) reforming police and administration for public security.

¶9. Japan is to send SDF members as well as civilians, including police officers and doctors. They are to work together in an effective way.

¶10. The government is to ask the Diet for its approval of a masterplan for Japan's activities. The period of time for Japan's humanitarian and reconstruction assistance activities is limited to one year.

¶11. If and when combat breaks out or is feared to break out in a PRT area, all SDF members and civilians are to withdraw at once. If and when there is a Diet resolution, they are to withdraw. Consideration is needed for the security of civilians participating in Japan's activities.

¶12. If and when maritime interdiction operations (MIO) are conducted as United Nations activities based on a UN resolution, Japan is to consider participating in these activities.

(Note) Weapons use is to be based on international standards.

TOKYO 00005130 011 OF 013

15) Disaster Victim Relief Law also to be applied to victims of Chuetsu Earthquake after amendment during current Diet session: Diet approval likely, possibly within this week

ASAHI (Page 4) (Excerpts)
November 7, 2007

Regarding an amendment to the Law Concerning Reconstructing Livelihoods of Disaster Victims aimed at approving assistance to victims of major natural disasters, such as earthquakes and typhoons, to rebuild their houses, the ruling parties and the Democratic Party of Japan (DPJ or Minshuto) during revision talks on Nov. 6 agreed to apply the law to victims of disasters that have occurred since this January. Coordination was undertaken to designate four disasters, including the Chuetsu Earthquake in Nigata Prefecture, as four specified disasters and to mention such in a supplementary provision of the amendment bill so that victims can apply for subsidies under the new system. The Liberal Democratic Party (LDP), the New Komeito and the DPJ will jointly submit the bill again to the Upper House. The bill will likely secure Diet approval as early as this week.

The DPJ had strongly called for the application of the law to victims of disasters that have occurred this year. The ruling parties were reluctant, viewing it as unfair to victims of disasters that have occurred in previous years. However, they have decided to approve new applications as exceptions. Since victims can apply for the application of the law up to seven times, the amended law can virtually be applied going back to disasters that occurred before the amendment. This is an unprecedented decision. Households that have already received subsidies based on the existing law will likely be paid the balance.

16) Both sides make concessions in Diet

ASAHI (Page 4) (Excerpts)
November 7, 2007

The application of the Law Concerning Reconstructing Livelihoods of Disaster Victims to damages caused to houses themselves, which has been rarely approved thus far, has come to fruition with the opposition's strength exceeding that of the ruling parties in the Upper House. Aware of the Democratic Party of Japan's (DPJ or Minshuto) stance, the ruling parties have taken a step to amend the law, and the DPJ has also made a major concession in order to produce results.

The DPJ has thus far submitted along with other opposition parties a bill amending the Disaster Relief Law aimed at its application to houses themselves four times. However, only one hour was given to deliberations on the bills, and all the bills were killed. This is because the Finance Ministry has taken a reluctant stance, since assisting in the reconstruction of houses leads to property accumulation using tax money.

The DPJ submitted an amendment for the sixth time during the current Diet session. The government and the ruling parties had been looking into the possibility of considering the issue in the regular Diet session next year. However, following the crushing defeat in the Upper House election in July, they have taken the initiative in introducing a counterproposal allowing the payment of subsidies to reconstruct damaged houses to the current Diet session.

TOKYO 00005130 012 OF 013

17) Defense Ministry releases investigative report concluding no oil was diverted in 794 cases

TOKYO SHIMBUN (Page 2) (Full)

November 7, 2007

The Defense Ministry yesterday released its investigative report concluding that no fuel oil provided to foreign vessels on 794 occasions by the Maritime Self-Defense Force in the Indian Ocean under the Antiterrorism Special Measures Law had been diverted for use in Iraq operations.

According to the report, the MSDF directly refueled foreign vessels on 647 occasions between December 2001 and November 1, 2007, when the law expired. Of them, there were 160 cases in which foreign vessels might have engaged in operations other than Operation of Enduring Freedom (OEF) and the maritime interdiction operation (OEF-MIO) that were subject to MSDF fuel provision. It was also confirmed that they had consumed amounts in excess of the volumes provided by the MSDF during the periods of the two operations.

The MSDF also indirectly refueled foreign vessels via supply ships on 147 occasions. Although in some cases, the ministry was not able to determine the amounts of fuel provided, it confirmed that the fuel had been consumed during the two operations based on assumptions from past records of vessels subject to receiving oil from the MSDF.

18) Former owner of Yamada Yoko suspected of concealing assets when settlement was reached with RCC in 2004

TOKYO SHIMBUN (Page 27) (Excerpts)
November 7, 2007

Tokyo Shimbun has learned from an informed source that Masashi Yamada (83), former owner of Yamada Yoko, a trading house specializing in military procurement, located in Minato Ward, Tokyo, reached a settlement at talks between his group companies and Resolution and Collection Corporation (RCC) in 2004, while concealing his personal assets (stocks worth approximately 15 billion yen). Motonobu Miyazaki (69), former executive director of Yamada Yoko, whose collusive ties with former Administrative Vice Minister Takemasa Moriya (63), have been unveiled, established Nihon Mirise, becoming independent from the company out of fear that it might be sold off. The Tokyo District Public Prosecutors Office Special Investigation Department appears to have determined a similar fact in the questioning of involved sources.

According to the same source, the Yamada Group consists of approximately 20 companies located both at home and abroad, including Yamada Yoko, a company that runs golf courses and a fisheries company, with Yayoi Real Estate in Chuo Ward as a core company. Yayoi Real Estate purchased a large amount of real estates, such as golf courses and buildings, during the bubble era. Those real estates became bad assets, when the bubble burst, leaving the company in a slump. The company strapped with debts worth approximately 11.3 billion yen was then placed under the authority of RCC.

A settlement with RCC was reached in March 2004 subject to conditions including that Yayoi Real Estate would repay 3.7 billion

TOKYO 00005130 013 OF 013

of its debts in a lump sum and amortize another 3 billion yen by 2016 and that the RCC would abandon the remaining claims worth 4.6 billion yen. The agreement also included the provision that Yamada would transfer all of his personal stocks to third parties and resign as director of the 17-member company group.

According to the informed source, Yamada reached a settlement with RCC without telling it of the existence of stocks of a US subsidiary of the Yamada Group which he personally possessed. The note of settlement included more than 10 names of companies and individuals as recipients of his stocks, but Yamada in fact only transferred his stocks to his eldest son.

19) China constrains activists who advocate China's ownership of Senkaku Islands, attaches importance to Japan in order to surround Taiwan

Kenji Minemura, Beijing and Nozomi Hayashi, Hong Kong

Chinese authorities are stepping up their carrot-and-stick policy to contain activists who have protested against Japan on the territorial dispute over Senkaku Islands. This move reflects a changing Japan-China relationship, as well as rising tensions between Taiwan and China. The activists are being forced to turn around.

According to one activist who approached the Senkaku Islands at the end of October, four like-minded activists, after returning before dawn of Oct. 30 to a port in Zhangzhou City of Fujian Province, were detained and transferred by public security officers of Amoy City of the same province to the city and confined to a private house. Public security officers demanded that they sign a written pledge not to sail again. The four were released late at night on Oct. 31.

SCHIEFFER